



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: July 3, 2001 REPORT NO. 01-134

ATTENTION: Honorable Mayor and City Council
Docket of July 10, 2001

SUBJECT: SEAWORLD MASTER PLAN UPDATE: COUNCIL DISTRICT 2.
PROCESS 5.

REFERENCE: Planning Commission Report No. P99-130, dated August 26, 1999, Initiation of an Amendment to the Mission Bay Park Master Plan. Planning Commission Report No. P99-203, dated December 2, 1999, Workshop regarding SeaWorld's Public Input and Community Outreach Program. Planning Commission Report No. P-00-037, dated February 17, 2000, Workshop regarding status of SeaWorld's Public Input and Community Outreach forums. Planning Commission Report No. P-00-120, dated July 13, 2000, SeaWorld Field Trip and Workshop. Planning Commission Report No. P-01-093, dated May 3, 2001, SeaWorld Workshop. Planning Commission Report No. P-01-114, dated June 14, 2001, Planning Commission Final Hearing.

OWNER/
APPLICANT: City of San Diego/SeaWorld

SUMMARY

Issues - Should the City Council approve the SeaWorld Master Plan Update and associated amendments to the Mission Bay Park Master Plan, Progress Guide and General Plan, and Local Coastal Program?

Manager's Recommendation:

1. Certification of Environmental Impact Report No. 99-0618, adoption of the Mitigation, Monitoring, and Reporting Program, and approval of the Findings and Statement of Overriding Considerations.
2. Approval of the SeaWorld Master Plan Update (with modifications) and associated amendments to the Mission Bay Park Master Plan, Progress Guide and General Plan, and Local Coastal Program. The City Manager's recommended modifications are described on page 5 of this report.

Planning Commission Recommendation - On June 21, 2001, the Planning Commission approved the SeaWorld Master Plan Update with numerous modifications. These modifications are discussed in the "Planning Commission Recommendation" section of this Report, on page 4.

Community Planning Group Recommendation - Recommendations from Planning Groups representing communities surrounding SeaWorld are included in Attachment 1.

Environmental Impact - Final Environmental Impact Report (EIR) No. 99-0618 has been prepared for this project. The EIR concludes that implementation of this project would result in significant environmental impacts.

A Mitigation, Monitoring, and Reporting Program has been incorporated into the project which will reduce all of these impacts to below a level of significance, except for the following: Traffic impacts to Interstate 5 north of SeaWorld Drive; Visual impacts due to the height and mass of the Splashdown Ride and other potential attractions higher than 60-feet.

Approval of the SeaWorld Master Plan Update will require the City Council to make Findings that a) individual mitigation measures or project alternatives are infeasible, and b) the overall project is acceptable despite significant impacts because of specific overriding considerations.

Fiscal Impact - It is anticipated that implementation of the SeaWorld Master Plan Update will result in an increase in fiscal revenue to the City from improved business performance of the lessee. The minimum rent will also be adjusted to reflect any increase in the value of the leasehold that occurs once the lessee obtains fully vested entitlements.

Over the past 10 years, annual lease revenue from Sea World has increased from approximately \$3.9 million in FY 1990 to \$6.3 million in FY 2000. If the Sea World Master Plan is approved, it is anticipated that the investment in leasehold improvements will result in a further increase in leasehold revenue to the City as well as increasing ancillary revenue associated with any increase in attendance resulting from the improvements. In addition, if the Manager's recommendation is adopted, a rent credit provision currently contained in Sea World's lease will be deleted resulting in a potential savings of approximately \$1.16 million.

Code Enforcement Impact - None.

Housing Affordability Impact - None.

BACKGROUND

In 1972, the voters of the City of San Diego passed Proposition D, which placed a 30-foot height limit on all new construction within the coastal zone. This 30-foot height restriction is incorporated into the Mission Bay Park Master Plan, and has governed new development within Mission Bay Park, including SeaWorld, for nearly the last 30 years.

On November 3, 1998, the voters of the City of San Diego approved the SeaWorld Initiative (see Attachment 2) which would amend the City of San Diego Municipal Code to allow development up to a maximum height of 160 feet on the SeaWorld leasehold. On October 14, 1999, the Planning Commission initiated amendments to the Mission Bay Park Master Plan and the Local Coastal Program to revise the height limit at SeaWorld from 30 feet to 160 feet. The current SeaWorld Master Plan was last updated in 1985. This 1985 plan allows for the general expansion of SeaWorld's attractions, a 300-room hotel in the Perez Cove area (update proposes 650 rooms) , and a 200-slip addition to the existing marina in Perez Cove (update proposes 115 slips).

Since January of 2000, SeaWorld has conducted a wide variety of noticed public forums, and has attended numerous community planning group meetings in an effort to implement one of the Planning Commission's initial suggestions - to take extraordinary efforts to involve the public in SeaWorld's proposal to amend the Mission Bay Park Master Plan.

Four publicly noticed Planning Commission workshops to analyze and discuss SeaWorld's Master Plan Update were held in December of 1999, February and July of 2000, and May of 2001. Public testimony was provided at each of these workshops, and issues identified previously by both the public and the Planning Commission were addressed (see Attachment 3 - Responses to Issues identified by the Planning Commission). The final draft SeaWorld Master Plan Update is the product of all input received to date from the Planning Commission, the Community Outreach Forums, Planning Committee meetings, and comments from City staff.

PROJECT DESCRIPTION

The final Draft SeaWorld Master Plan Update (see Attachment 7 under separate cover) sets forth a long-range conceptual development program, development parameters, and project review procedures for the future renovation of SeaWorld. The Master Plan Update conceptual development program consists of three categories:

Tier 1 are near term (2-6 years) projects and include a Splash Down Ride (95 feet high), an Education Complex (45 feet high), a Front Gate Renovation (90 feet high), and a Special Events Center (60 feet high).

Tier 2 projects include areas to be developed in the long term. The Master Plan identifies eight areas within SeaWorld that are candidates for redevelopment, however no specific projects are described. A wide variety of attractions would be allowed including aquariums, special effects theaters, adventure rides, wildlife exhibits, research facilities, etc..

Special Projects include specific development proposals to be developed in the long term. These include a four-level Parking Garage (45 feet high), MTDB's Transit Station to be co-located within the parking structure, the Perez Cove Hotel (90 feet high), and the Perez Cove Marina Expansion (115 additional slips).

The SeaWorld Master Plan Update is structured so that it becomes part of the Mission Bay Park Master Plan by reference, thus functioning as a specific plan for the SeaWorld leasehold. The proposed amendments to the Mission Bay Park Master Plan are detailed in Attachment 6.

Because the SeaWorld Master Plan Update requires amendments to the Local Coastal Program, the California Coastal Commission must certify the document subsequent to City Council approval.

PLANNING COMMISSION RECOMMENDATION

On June 21, 2001, the Planning Commission recommended approval of the SeaWorld Master Plan Update as recommended by City staff with the following modifications:

1. The proposed Perez Cove Hotel expansion should be reduced as follows: Hotel rooms should be reduced from 650 rooms to a range of 300-505 rooms; Height of hotel should be reduced from 90-feet to a range of 30-60 feet.
2. The proposed front gate renovation should be reduced as follows: Height of the icon should be reduced from 90 feet to 60 feet; Footprint of icon should be a maximum of 400 square-feet (applies also to the special events center icon). Buildings which are a part of the front gate renovation shall not exceed 30 feet in height with allowance for roof articulation to a height of 40 feet to avoid a flat roof effect.
3. The bulk and mass of the proposed splashdown ride shall be reduced by limiting the structure above 40 feet to no more than 25 percent of the footprint; The conceptual design of the splashdown ride as shown in Figure II-5 of the Master Plan is not the final design, and that the final design instead should conform to the Master Plan's Architectural Design Guidelines which state that "The park architecture should be contemporary, responsive to the aquatic environment and avoid excessive or exaggerated thematic styles. The intent is to preclude from Mission Bay a theme park architecture".
4. Revise the Project Review Process as follows: Require Public Notice of Application for all projects proposed at SeaWorld; All projects greater than 30-feet in height shall be subject to a Level 2 review and approval; The Level 2 project review process shall include the Planning Commission (prior to City Council). Separate and revise the paragraph on page V-2, fourth paragraph of the Master Plan so that it reads "Level 2 projects may not be submitted to the Coastal Commission for approval unless the City Council finds that they substantially conform to the SeaWorld Master Plan".
5. The Master Plan should be revised to include a continuous pedestrian/bicycle path along the entire bay frontage of the SeaWorld leasehold, as recommended by City staff.
6. The City's Landscape Ordinance shall apply to all parking lots and parking structures.
7. A minimum of 70 percent of SeaWorld's total attractions (including new park attractions, but excluding the hotel) should include educational and/or animal conservation related elements.
8. SeaWorld should work with MTDB to implement the Automated People Mover technology, and assure the Transit Station is provided with a direct link to

SeaWorld's front gate. All CIP projects should be implemented to reduce traffic impacts.

9. Income to the City generated from SeaWorld should be utilized to fund improvements within Mission Bay Park.
10. The Design Guidelines should reference that they supplement and do not supercede the Mission Bay Park Master Plan Guidelines and/or city ordinances, such as the landscape and noise ordinance, and that the applicant add specific guidelines for sustainability and energy conservation so they become an assessment criteria when future projects are reviewed.

CITY MANAGER'S RECOMMENDED MODIFICATIONS

The City Manager recommends approval of the SeaWorld Master Plan Update, including the revisions recommended above by the Planning Commission, with the following exceptions:

- A. A Level 2 review shall be required for all projects greater than 30-feet in height for all areas, except the "Theme Park-Area 1", which should require a Level 2 review for all projects greater than 60-feet in height.
- B. Do not adopt Planning Commission recommendation number 9 with this action. This is based upon previous discussions with Council on budget principles in the General Fund.
- C. Subsequent to the Planning Commission hearing, Sea World presented an alternative bike/pedestrian path proposal. In response, the City Manager recommends, and Sea World has agreed, that the Master Plan be revised to include the following language:
 - 1) That Sea World construct a 10 foot wide landscaped pathway running westward along the leasehold waterfront beginning at the northeast corner for approximately 500 feet. This would be identified as a Tier 1 project in the Plan.
 - 2) That Sea World will construct a 10 foot wide path that runs from the northeast corner of the leasehold along the waterfront that will connect to the Fiesta Island Causeway (approximately 4,700 feet). This will be identified as a Tier 1 project in the Plan and will be completed by December 31, 2002.
 - 3) That Sea World will upgrade the existing pedestrian/bike pathway (approximately 5,000 feet) that runs along the southern boundary of the leasehold consistent with the design guidelines identified in the Mission Bay Park Master Plan. This will be identified as a Tier 1 project in the Plan and will be constructed in four phases to be completed by December 31, 2005.

In addition, language currently contained within Sea World's lease regarding a rent credit provision for required mitigation totaling approximately \$1.16 million shall be deleted. The specific lease language is included below:

Article XXXII General Development Plan: C. Should LESSEE be required by any public entity, including CITY (such as, for example, the California Coastal

Commission) to make any expenditures or payments in lieu of expenditures (other than the rental expressly provided for in this Lease) for permanent capital improvements on, to, or in Mission Bay Park which would normally be the responsibility of CITY ("Mitigation Expenditures") as a condition to obtaining permission to develop, construct, install, or operate improvements, facilities, or equipment in, to, or on the Premises in excess of expenditures directly required to develop, construct, install, or operate said improvements, facilities, or equipment (such as, for example, the contribution of funds for an off-site improvement in alleged mitigation of alleged adverse environmental impacts of said development and/or activities), then LESSEE shall be given a credit in the amount of fifty percent (50%) of such Mitigation Expenditures against the rental payable under this Lease, as follows: (i) the amount of such credit shall not exceed the total rental payable pursuant to subparagraph IV.A.3 of this Lease; and (ii) said credit shall be allowed only to the extent of rental payments under subparagraph IV.A.3 previously made and as any such payments subsequently become due.

Staff will return to the City Council with lease amendments following Coastal Commission action on the SeaWorld Master Plan Update.

DISCUSSION OF ISSUES

A wide variety of issues and questions associated with this project were identified during the four Planning Commission Workshops conducted over the last two years. Attachment 3 of this report includes a list of these issues, together with responses to those issues.

Implementation of the SeaWorld Master Plan Update together with the required Mitigation, Monitoring, and Reporting Program will result in significant unmitigated Traffic and Visual impacts. Although the EIR addresses these issues in detail, the following section includes a brief summary of these impacts.

Traffic Impacts

Implementation of the SeaWorld Master Plan Update will result in significant transportation and circulation impacts to the following off-site street segments and intersections in the year 2020:

Street Segments: SeaWorld Drive between SeaWorld Way and Interstate 5.
West Mission Bay Drive between Interstate 8 and SeaWorld Drive.

Intersections: SeaWorld Drive/Interstate 5 interchange.
Pacific Highway/SeaWorld Drive intersection.
Interstate 8 westbound off-ramp at West Mission Bay Drive.

Freeway Segments: Interstate 5 north of SeaWorld Drive.

Freeway Ramps: Interstate 8 eastbound on-ramp at West Mission Bay Drive.
SeaWorld Drive/Interstate 5 northbound on-ramp.
SeaWorld Drive/Interstate 5 southbound on-ramp.

In an effort to avoid or reduce these significant traffic impacts to below a level of significance, SeaWorld is required to implement, construct, and/or contribute to a wide variety of

transportation improvements over the next 20 years as outlined in the Mitigation, Monitoring, and Reporting Program (see Traffic Mitigation requirements in Attachment 4).

During the June 21, 2001 Planning Commission Hearing, SeaWorld agreed to reduce the total number of hotel rooms at the Perez Cove Hotel from 650 rooms to 505 rooms. Based on a traffic sensitivity analysis conducted by City staff, this reduction would decrease the project's traffic impact on Interstate 5 to below a level of significance.

Visual Impacts

The proposed project would result in significant visual impacts due to the height and mass of proposed future projects. The project would allow structure heights of up to 160 feet, where the current limit is 30 feet. Implementation of the Master Plan would result in additional structures that could be bulky, large-scale, and a style that would generally be incompatible with surrounding park uses. A photo-simulation illustrating worst-case future development shapes allowed by the Master Plan are included in Attachment 4. These photo-simulation analysis are worst case, and do not reflect ultimate buildout of SeaWorld's leasehold under the Master Plan's Design Guidelines, which would result in a reduced visual impact.

The project would result in the partial obstruction of public viewing areas within Mission Bay Park. The project would also introduce new taller structural elements in Mission Bay Park that are somewhat similar to other taller elements in Mission Bay Park, including the Hilton (eight stories) and Hyatt Islandia (17 stories) hotels.

Future development at SeaWorld would be regulated by the SeaWorld Master Plan Update Design Guidelines, which require shoreline setbacks, landscape buffer areas, bulk-plane setbacks, transparency requirements (structures above 100 feet in height shall be at least 50% open to light and air), structural separation, and requirements for landscaping, lighting, color, signage, and architecture.

Economic and Community Benefits

In order for SeaWorld to maintain its long-term economic vitality, it must continue to improve and provide facilities that meet the public's needs and desires. The City of San Diego and the region will benefit from SeaWorld's success as outlined in the following list of regional benefits provided by SeaWorld:

- # Produces \$1 billion annual infusion into San Diego's regional economy.
- # Generates \$6.3 million in Transit Occupancy Taxes.
- # Pays \$6 million in annual rent to the City of San Diego.
- # Pays \$2.5 million in property taxes to the County.
- # Responsible for 10,000 jobs in the San Diego region.
- # One of the largest single employers of youth in San Diego.
- # Recipient of numerous awards for hiring the disabled.
- # Hosted six million education participants since its opening in 1972.
- # Water from Mission Bay for animal tanks is treated, filtered, and returned cleaner.
- # Treats its storm water and other runoff.
- # A leader in the rescue, rehabilitation, and release of animals.
- # Partners with Hubbs-SeaWorld Research Institute.
- # Sponsors "I love a Clean San Diego" beach clean-up annually.
- # Recognized as a top recycler by the City of San Diego and State of California.

- # In addition, if the Manager's recommendation is adopted, a rent credit provision currently contained in Sea World's lease will be deleted resulting in a potential savings of approximately \$1.16 million

CONCLUSION

SeaWorld has been part of Mission Bay Park since the Park's formal opening in 1962, and in 1998 the voters of the City of San Diego approved the SeaWorld Initiative which allows development up to a maximum height of 160 feet on the SeaWorld leasehold. Although the Initiative would technically allow SeaWorld to develop 160-foot structures anywhere on the leasehold, the Master Plan allows only 25 percent of the theme park to be developed with structures higher than 30-feet. In addition, the Master Plan allows only ten percent of the theme park area to exceed sixty feet in height, and not more than four sites within the entire theme park area may be developed with structures exceeding one hundred feet in height.

In conclusion, staff recommends approval of the SeaWorld Master Plan Update with the revisions approved by the Planning Commission, as modified by City staff (see page 5). If the SeaWorld Master Plan is approved by the City Council, it will not become final until it is certified by the California Coastal Commission.

Respectfully submitted,

Tina P. Christiansen, A.I.A.
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Approved: George I. Loveland
Senior Deputy City Manager

CHRISTIANSEN/MJW

- Attachments:
1. Recommendations from adjacent Community Planning Groups.
 2. SeaWorld Initiative - Proposition D.
 3. Responses to Planning Commission's questions and issues.
 4. Traffic Mitigation Measures.
 5. Photosimulation Analysis.
 6. Amendment language - Mission Bay Park Master Plan.
 7. SeaWorld Master Plan Update (under separate cover).